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OPEN MEETING AGENDA ITEM

Chair Kris Mayes
Arizona Corporation Commission
Commissioners Wing
1200 W. Washington - 2nd Floor
Phoenix, Arizona 85007

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AZ CORP COMMISSION
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June 22, 2010

Dear Honorable Chair Mayes and Members of the Arizona Corporation Commission:

We would like to begin by thanking you for your continued support for Arizona's growing solar industry. As a manufacturer of photovoltaic panels based in Tucson, SOLON is concerned by the Recommended Opinion and Order (ROO), filed on May 28th, 2010 regarding the regulation of PPAs/SSAs in Arizona, and we would like to take a moment to communicate our specific concerns regarding the impact such regulation could have on the future of the solar market in the State:

1.) An uncertain or overly strict regulatory environment will cause solar investors and developers to pass over Arizona, reducing the State's overall solar market share.

Right now there are far more projects looking to be funded than there are tax equity dollars looking to be invested, which creates a competition between states to get those dollars. SOLON believes that simple economics will take those scarce tax equity funds to where they can be deployed in the safest and least expensive way possible. The fact that Arizona is the only State in the Country considering this type of regulation means that dollars that would otherwise be invested here will now be invested in states with a less risky regulatory environment.

2.) Without a doubt, regulation will limit (if not completely wipe out) the number of investors willing to fund systems on schools in Arizona, and the schools will suffer most directly.

As you know, schools would not be able to take advantage of the Federal tax incentives that make solar affordable, were it not for the SSA model. At the very least, the regulation of SSAs will make School Projects appear to be riskier, less attractive investments to financiers. This will slow the rate at which these projects are able to obtain financing, which will limit the number of schools taking advantage of solar for years to come. This will cost school districts millions of dollars in potential savings.

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3.) Regulation will mean fewer projects, which means fewer jobs.

SOLON currently employs around 150 people, many of them manufacturing panels to be used on schools. The more projects that get funded, the more people we can employ manufacturing panels, and the more people who will be employed as contractors, roofers, solar installers and electricians installing those panels. Very simply, regulating SSAs means less Arizona Projects, and thus less high wage green technology jobs.

It is thus SOLON's belief that the ROO, if adopted as is, will send the wrong message about the direction of Arizona's future in the solar market. It will be a step that is inconsistent with this Commission's strong history of support for our growing solar industry, green jobs and one that is certainly not in line with the public interest. On June 29th, we therefore respectfully request that the Commission rule against the regulation of PPAs/SSAs.

Sincerely,



Daniel S. Alcombright, P.E.

Regional Vice President & General Manager, North America

Copy:

- Commissioner Paul Newman
- Commissioner Gary Pierce
- Commissioner Sandra D. Kennedy
- Commissioner Bob Stump